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11TH ANNUAL McGRAW-HILL SURVEY OF INVESTMENT IN EMPLOYEE SAFETY AND HEALTH

American Business plans to increase capital expenditures for employee safety and health by 16.4% this year to $5.2 billion (Table I). This translates to an after-inflation rise of over 10%. In contrast, plans for total capital spending show a decrease of 1.3% according to the most recent McGraw-Hill survey of capital expenditures.

Beyond 1983, business expects the upward trend in employee safety and health to continue, with expenditures averaging close to $6 billion per year through 1986. If these plans are realized, spending on employee safety and health will approach the historical peak of $6.6 billion reached in 1978 (Table III).

These are the key findings of the "11th Annual McGraw-Hill Survey of Investment in Employee Safety and Health." The survey was conducted in March and April. It drew responses from firms that account for one third of total capital spending in the U.S.

Part of the large increase in planned expenditures in 1983 results from a large-scale deferral of spending for employee safety and health during the recession year 1982. Companies last year invested just $4.5 billion in safety and health--12% less than in 1981.

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As the recovery progresses, safety and health expenditures are projected to grow as a share of capital spending--up from 1.4% last year to 1.7% in 1983. This higher share, nonetheless, is still substantially lower than the share of spending allocated to employee safety and health during the 1970's (Table IV). Relatively few new safety and health standards have been proposed in recent years and most companies have already complied with most existing regulations. As a result, the trend towards a lower share of capital spending going to safety and health is expected to continue.

Industry Spending

In spite of the large increase planned by business in safety and health expenditures, several industries are curtailing their spending. Industries looking for a drop in expenditures include: airlines (-81.3%), mining (-43.0%), nonferrous metals (-23.9), and iron and steel (-19.6%).

These declines are overshadowed by several industries that plan very large increases in safety and health spending. These include: stone, clay, and glass (135.8%), other nondurables (118.7%), machinery (68.7%), and food and beverage (50.9%). Other large gains are expected by instruments, paper and pulp, textiles, and railroads.

The trade and services sector plans to spend the most on employee safety and health in 1983 ($1.5 billion). Second largest planned spending is by other nondurables ($675.8 million), followed by electric utilities ($561.4 million).

INDEX OF TABLES

TABLE		PAGE
I	Plans For Investment In Employee Safety and Health	4
II	Employee Safety and Health Investment As a Percent of Capital Spending	5
III	Investment in Employee Safety and Health--Historical	6
IV	Employee Safety and Health Investment As a Percent of Capital Spending--Historical	7

NOTE: The other durables category listed in the tables includes lumber, furniture, jewelry, toys, and transportation equipment other than autos and aerospace. Other nondurables includes apparel, tobacco, printing and publishing, and leather. The trade and services category includes retail and wholesale trade, banking, holding companies, insurance companies, hotels, laundries, and personal and business services. The communications and other category includes construction firms and transportation services other than airlines and railroads.

TABLE I

PLANS FOR INVESTMENT IN EMPLOYEE SAFETY AND HEALTH
(Millions of Dollars)

INDUSTRY	Actual 1982	Planned 1983	% Change 1982-83	Planned 1984-86 Average Annual Expenditure	% Change 1983 to 1984-86 Average
Iron & Steel	85.0	68.3	-19.6	118.9	74.1
Nonferrous Metals	44.4	33.8	-23.9	52.7	55.9
Electrical Machinery	180.1	196.6	9.2	136.4	-30.6
Machinery	92.1	155.4	68.7	236.0	51.9
Autos, Trucks & Parts	27.7	30.1	8.7	29.5	-2.0
Aerospace	68.1	60.6	-11.0	76.8	26.7
Fabricated Metals	43.8	45.5	3.9	51.0	12.1
Instruments	90.1	108.8	20.8	146.3	34.5
Stone, Clay & Glass	15.1	35.6	135.8	47.1	32.3
Other Durables	132.9	115.4	-13.2	125.9	9.1
TOTAL DURABLES	779.3	850.1	9.1	1020.6	20.1
Chemicals	432.4	386.5	-10.6	530.0	37.1
Paper & Pulp	139.1	158.7	14.1	333.5	110.1
Rubber	46.6	49.1	5.4	66.8	36.0
Petroleum	338.3	316.4	-6.5	396.7	25.4
Food & Beverages	119.0	179.6	50.9	223.2	24.3
Textiles	55.7	71.4	28.2	57.1	20.0
Other Nondurables	309.0	675.8	118.7	519.7	23.1
TOTAL NONDURABLES	1440.1	1837.5	27.6	2127.0	15.8
ALL MANUFACTURING	2219.4	2687.6	21.1	3147.6	17.1
Mining	272.8	155.6	-43.0	140.8	-9.5
Railroads	45.2	59.0	30.5	77.2	30.8
Airlines	67.5	12.6	-81.3	21.8	73.0
Electric Utilities	504.0	561.4	11.4	628.5	12.0
Gas Utilities	30.4	25.9	-14.8	31.6	22.0
Communications & Other	233.9	216.7	-7.4	259.2	19.6
Trade & Services	1129.4	1520.8	34.7	1632.5	7.3
TOTAL NONMANUFACTURING	2283.2	2552.0	11.8	2791.6	9.4
ALL BUSINESS	4502.6	5239.6	16.4	5939.2	13.4

TABLE II

EMPLOYEE SAFETY AND HEALTH INVESTMENT
AS A PERCENT OF CAPITAL SPENDING

INDUSTRY	Actual 1982	Planned 1983	Planned 1984-86 Average
Iron & Steel	2.4	2.6	3.0
Nonferrous Metals	1.6	1.9	2.1
Electrical Machinery	1.7	1.7	0.9
Machinery	0.7	1.3	1.4
Autos, Trucks & Parts	0.4	0.4	0.3
Aerospace	1.1	0.9	1.2
Fabricated Metals	1.7	1.7	1.9
Instruments	3.8	3.8	3.9
Stone, Clay & Glass	0.6	1.3	1.5
Other Durables	2.5	3.3	2.7
TOTAL DURABLES	1.4	1.5	1.3
Chemicals	3.3	3.2	3.7
Paper	2.3	2.1	4.2
Rubber	2.7	2.4	2.7
Petroleum	1.3	1.3	1.4
Food & Beverages	1.5	2.4	2.8
Textiles	4.2	5.6	4.6
Other Nondurables	4.7	8.6	5.8
TOTAL NONDURABLES	2.3	3.0	3.0
ALL MANUFACTURING	1.9	2.3	2.1
Mining	1.8	1.5	1.2
Railroads	1.0	1.1	1.0
Airlines	1.7	0.4	0.9
Electric Utilities	1.5	1.6	2.0
Gas Utilities	0.4	0.4	0.4
Communications & Other	0.5	0.5	0.5
Trade & Services	1.3	1.6	1.5
ALL NONMANUFACTURING	1.2	1.3	1.2
ALL BUSINESS	1.4	1.7	1.6

TABLE III

INVESTMENT IN EMPLOYEE SAFETY AND HEALTH--HISTORICAL
(Millions of Dollars)

INDUSTRY	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Iron & Steel	$132	$ 86	$ 68	$ 57	$ 27	$ 33	$ 43	$ 56	$ 34.5	168.0
Nonferrous Metals	30	55	94	143	63	34	34	57	62.2	79.6
Electrical Machinery	68	74	77	82	106	107	125	153	160.4	144.3
Machinery	97	155	167	114	105	158	231	200	378.0	92.5
Autos, Trucks & Parts	144	169	370	80	40	198	159	349	92.3	110.9
Aerospace	22	35	66	59	74	70	84	158	28.2	64.3
Other Transportation Equipment	18	15	15	26	19	23	122	NA	NA	NA
Fabricated Metals	19	33	45	30	31	115	84	98	35.9	100.6
Instruments	15	35	92	107	29	30	48	56	26.4	77.9
Stone, Clay & Glass	34	74	80	98	62	99	96	35	135.6	78.5
Other Durables	48	56	69	92	47	74	159	166	137.2*	182.8*
TOTAL DURABLES	627	787	1,143	888	603	941	1,185	1,328	1,090.7	1,099.4
Chemicals	71	85	136	244	284	252	296	356	449.3	680.0
Paper	53	62	49	66	65	43	88	67	102.3	161.3
Rubber	14	34	132	66	31	30	36	48	144.8	74.3
Petroleum	62	168	197	240	118	228	446	146	165.5	239.0
Food & Beverages	92	98	97	109	192	154	203	126	151.2	279.5
Textiles	84	59	63	51	42	101	92	116	127.7	104.5
Other Nondurables	42	20	38	44	51	131	110	186	106.5	84.9
TOTAL NONDURABLES	418	526	712	820	783	939	1,271	1,045	1,247.3	1,623.5
ALL MANUFACTURING	1,045	1,313	1,855	1,708	1,386	1,880	2,456	2,373	2,338.0	2,722.9
Mining	101	103	222	171	134	305	13	114	362.3	775.6
Railroads	29	32	54	58	184	30	97	81	88.4	80.6
Airlines	48	36	25	24	52	17	253	60	52.7	15.2
Other Transportation	137	133	61	117	83	189	111	52	NA	NA
Communications	305	739	536	458	541	565	704	418	488.0**	631.0**
Electric Utilities	190	135	216	167	150	200	443	249	466.7	446.1
Gas Utilities	24	33	48	30	47	87	27	19	21.0	17.3
Trade & Services	1,400	1,092	1,386	1,109	838	1,018	2,541	951	310.6	431.7
ALL NONMANUFACTURING	2,234	2,303	2,548	2,134	2,029	2,411	4,189	1,944	1,789.7	2,397.5
ALL BUSINESS	3,279	3,616	4,403	3,842	3,415	4,291	6,645	4,317	4,127.7	5,120.4

* As of 1980 includes other transportation equipment.
** As of 1980 includes other transportation services.

TABLE IV

EMPLOYEE SAFETY AND HEALTH INVESTMENT
AS A PERCENT OF CAPITAL SPENDING--HISTORICAL

INDUSTRY	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Iron & Steel	12.3%	6.9%	3.5%	1.9%	0.9%	1.2%	1.7%	1.8%	1.1%	5.3%
Nonferrous Metals	3.1	4.2	4.6	6.6	3.2	1.8	1.6	2.4	2.0	2.3
Electrical Machinery	2.4	2.1	2.0	2.6	2.9	2.3	2.2	2.1	1.7	1.4
Machinery	3.0	3.9	3.2	2.3	1.9	2.4	3.2	1.9	3.3	0.7
Autos, Trucks & Parts	4.8	4.4	8.6	2.4	1.1	3.4	2.2	4.2	1.0	1.1
Aerospace	3.3	4.0	4.4	3.5	4.4	3.5	2.6	3.0	0.4	1.0
Other Transportation Equipment	2.4	1.6	1.4	2.9	1.8	1.9	7.7	NA	NA	NA
Fabricated Metals	1.3	1.8	2.3	1.5	1.4	4.6	2.9	3.2	1.2	3.4
Instruments	1.7	3.0	7.7	10.1	2.6	2.2	3.0	3.2	1.2	3.4
Stone, Clay & Glass	2.5	4.7	4.9	5.9	3.3	4.4	3.1	0.9	3.5	2.5
Other Durables	2.3	2.2	2.5	3.8	1.9	2.5	4.8	NA	1.9*	2.7*
TOTAL DURABLES	3.4	3.5	4.2	3.4	2.1	2.8	2.9	2.6	1.	1.8
Chemicals	2.1	2.0	2.1	3.2	3.5	3.1	3.5	3.3	3.6	5.0
Paper	3.6	3.1	1.7	2.2	2.1	1.2	2.2	1.2	1.5	2.4
Rubber	1.4	2.2	8.4	5.7	2.4	2.5	1.7	2.2	8.4	4.2
Petroleum	1.3	3.6	2.7	2.5	1.1	1.8	3.2	0.9	0.8	0.9
Food & Beverages	2.8	2.7	2.4	2.7	4.0	3.0	3.4	1.9	2.0	3.4
Textiles	7.9	5.7	5.8	5.7	4.0	8.0	6.7	7.7	7.9	6.7
Other Nondurables	1.9	0.8	1.6	1.9	2.2	4.8	3.2	3.9	1.8	1.3
TOTAL NONDURABLES	2.4	2.7	2.8	2.9	2.5	2.7	3.2	2.2	2.2	2.5
ALL MANUFACTURING	3.0	3.1	3.5	3.1	2.3	2.7	3.1	2.4	2.0	2.1
Mining	3.5	3.1	4.8	2.8	1.8	3.3	1.3	1.0	2.7	4.6
Railroads	1.7	1.5	2.0	2.0	6.4	1.0	2.8	2.0	2.1	1.9
Airlines	2.2	1.7	1.3	1.5	4.5	0.8	8.2	1.5	1.3	0.4
Other Transportation	4.8	4.2	1.7	2.8	1.7	4.5	2.7	1.2	NA	NA
Communications	3.4	3.5	2.3	2.1	2.3	2.1	2.2	1.2	1.2**	1.4**
Electric Utilities	1.4	0.9	1.3	1.0	0.8	0.9	1.8	0.9	1.7	1.5
Gas Utilities	0.9	1.1	1.5	0.9	1.3	1.9	0.5	0.3	0.3	0.2
Trade & Services	3.5	2.4	2.9	2.4	1.7	1.8	3.7	1.2	0.4	0.5
ALL NONMANUFACTURING	3.0	2.4	2.5	2.1	1.8	1.9	2.8	1.1	1.0	1.2
ALL BUSINESS	2.7	2.6	2.8	2.4	2.0	2.2	2.9	1.6	1.4	1.6

* As of 1980 includes other transportation equipment.
** As of 1980 includes other transportation services.